

SALES & MARKETING MANAGEMENT

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MARKETING

The Shoe That
Lasts Forever

DEMOGRAPHICS

Is the Sun Setting
On the West?

MEETINGS

Roughing It With
The North Face

FLEETS

What's This?
Send Reps to
Driving School?



Victoria A. Brown
Senior Vice President, Sales & Marketing
Timeplex, Inc.
\$212,000

SALES & MARKETING MANAGEMENT



COVER PHOTOGRAPH BY BILL KELLY

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EDITOR'S SIDE POCKET

LOFTY ASPIRATIONS

Once, in a previous incarnation, I was editor of a business magazine for physicians. As was the custom there, outside manuscripts were reviewed by various editors, who wrote their comments on a cover sheet, and then the entire package landed on my desk. On this particular occasion, I received a humor piece by a fellow who was usually very funny indeed. But humor, as you know, is a very fragile thing. One man's belly laugh is another's . . . Well, even though a few of the editors thought it publishable, I didn't, and I said so on the cover sheet. What I actually said, I am embarrassed to relate now, was ". . . this ms. tries hard, but it doesn't take off and fly." The articles editor then wrote the doctor of our decision. Whether out of mischief or for some other reason, she quoted my crack word for word in her letter. A week later the first page of the manuscript was returned to me—folded in the shape of a paper airplane.

That story comes to mind as I think about last month when, in this space, I told you how our redesign for *Sales & Marketing Management* was going to make our magazine fly higher than ever before. Now, it's out of our hands, so to speak; it's up to you to say how far we've gotten off the ground. I hope we've fulfilled most of the expectations I raised last month, and I believe we can fulfill the rest of them in the months to come. If not, tell me why. If your comments are meant seriously, I'll reply to them seriously; even if not, I'll take you seriously.

Just don't send me any paper airplanes.

A couple of issues ago, you may recall, I scorned the trend among corporations to "get with it" (as we used to say in simpler times) by changing their names. As a result, we are faced with such supremely forgettable entities as World Corp, Maxus, and Univision.

This name-changing is the work of consultants who charge either a good deal of money or a great deal of money for their efforts. If I haven't persuaded you to hold on to your moniker despite the whims of fashion, at least now I can tell you there's a cheaper way to pick a new one. I've just been informed there are \$99 software packages available that name new products and create slogans: Namer, which contains an electronic thesaurus, is already responsible for such names as "NuVu," for a high-resolution CRT, and InSITE (Software Integration & Technology Engineering) for an information engineering facility. Then there's HEADLINER, which holds more than 33,000 clichés, proverbs, and idioms in the bowels of its databases. It has already generated such gems as "For All the *Sight* Reasons" for a graphic display and "To Each His *Phone*" for a regional telephone company. Clever, but we suffer from a surfeit of cleverness these days, so your \$99 investment may not be as great a bargain as you think.

Cleverness may have been in part responsible for getting the U.S. auto industry into trouble. According to a recent study conducted by Landor Associates, which calls itself "the world's largest image management consultant" (and who am I to argue with that), U.S. cars suffer from "weak imagery." Apparently, says Landor, the U.S. manufacturers' strategy of multilevel branding is confusing the customers. No Detroit products scored highest in any of the positive image categories. The winners? Most prestigious: Lamborghini. Most luxurious: Mercedes. Most reliable: Mercedes. Most practical: Honda. Now for the negatives. Least prestigious: Volkswagen. As for the "least sporty/fun" category, America has the dubious distinction of preempting all five positions (Cadillac, Chrysler, Oldsmobile, Buick, Mercury). The French may have a problem as serious as ours: Of the five cars judged "least reliable," three (Fiat, Renault, Peugeot) were French; the other two were American (Jeep and Pontiac).

These are the kinds of problems, I fear, that will take more than "image management" to solve.


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ABP

ABC

MA

street. Expanding the bank's customer base is the goal; consequently Lewin's sales team doesn't try to sell to existing Security depositors, but rather cultivates potential new ones.

The team visits boat, aircraft, and mobile home dealers and sells them on the merits of customers financing their purchases through Security Pacific. Dealers who are convinced contact the bank's salesperson when they have a hot prospect. The salesman then meets the would-be buyer at the airport, marina, or mobile home sales office and works out the financing. The loan is processed at the bank's central loan processing center, speeding up approval time and freeing branch personnel, who sport "personal banker" name tags, to function as just that.

Not having to worry about credit issues and other banking problems means Lewin's sales force is made up of 100% full-time salespeople, which he says they have to be. "To be a good salesman," he says, "you have to get up in the morning, and know that's what you're going to do all day. If you have to worry about other things, you can't be as effective."

The small business sales force calls on businesses to find out what their problems are and how Security can help. This is a new experience for most small businessmen, who, Lewin says, don't have much contact with their bankers and generally don't like them. "The only time they have contact with their bank is when they make a deposit. When they have a problem they don't discuss it with their bankers," he says.

The aim of all this, says Lewin, is to stay the competition, and the key to realizing this goal is building an expanded and loyal customer base through better and more aggressive customer service.

SALESGRAPH

FAVORITES IN THE ELECTRONIC HOUSEHOLD

Lower prices, increased functions, and ease of use have put microwave ovens in 7 out of 10 households, according to LINK Resources's annual survey of the electronic gear used in today's homes (see table).

Conducted during this year's first quarter by the New York City-based subsidiary of International Data Corp., LINK's survey gathered data from a nationally projectable sample of 2,512 households.

The results indicate that the fastest increases between 1986 and 1987 were recorded by compact disc players, which more than doubled their standing, and photocopying machines, up 50%, reports senior research associate Jeannette Noyes. The latter's growth, along with the appearance of word processors, reflects the burgeoning work-at-home market.

Projection TV, a product whose oft-predicted boom has never materialized, is in only 3% of homes. And, with the availability of 25" and 27" TVs blunting its appeal, she doubts that the extra large screen will ever become a popular consumer item. Cellular phones proved the least popular of the products measured by LINK; according to Noyes, they're "cost prohibitive as consumer items in the near future."

SALES MANAGEMENT

ORDERING AROUND THE CLOCK

It's 8 p.m., and you'd love to call in that terrific sale you just closed but you'll have to wait until morning, right? Not necessarily.

Voice mail, as executives at Stanley-Vidmar are finding out, gives sales representatives a place to call 24-hours-a-day, 7-days-a-week. The computer-based system

CONSUMER ELECTRONIC EQUIPMENT HOUSEHOLD PENETRATION

PRODUCT	% HOUSEHOLDS
MICROWAVE OVEN	70
TELEVISION	65
REFRIGERATOR	60
WASHER/DRYER	55
ELECTRIC/ELECTRONIC TYPEWRITER	45
VIDEOGAME CONSOLE	40
STEREO TV	35
ELECTRONIC FIRE ALARM SYSTEM	30
TELEPHONE ANSWERING MACHINE	25
PERSONAL COMPUTER	20
VIDEOCASSETTE PLAYER	15
8MM VIDEO CAMERA	10
ELECTRONIC HOME SECURITY SYSTEM	8
VIDEO CAMERA/CAMCORDER	7
COMPACT DISC PLAYER	6
COMPONENT TV SET	5
ELECTRONIC LIGHTING CONTROL SYSTEM	4
ELECTRONIC ENERGY CONTROL SYSTEM	3
4.3 VIDEODISC PLAYER	2
4.3 PHOTOCOPYING MACHINE	1
3.1 TVRO/SATELLITE DISH	1
3.0 PROJECTION TV	1
2.1 WORD PROCESSOR	1
1.7 CELLULAR TELEPHONE IN CAR	1

*ADJUSTED TO REFLECT SAMPLING IRREGULARITY.

**PENETRATION IN STEREO COMPONENT HOUSEHOLDS.

SOURCE: LINK RESOURCES, 1987 HOME MEDIA CONSUMER SURVEY

acts as an "electronic mailbox," allowing salespeople to leave and receive individualized messages by dialing an assigned code.

It also keeps track of who called, when they called, and who is (or isn't) picking up his messages. "So far it's worked out very well," says John L. Tillman, manager of

marketing at Stanley-Vidmar, an Allentown, PA, manufacturer and marketer of industrial storage drawers. "There's a lot less confusion because questions can be asked and answered without our sales engineers or inside salespeople having to wait for each other's returned calls."

ARE YOU KEEPING UP WITH YOUR PEERS?

Our latest survey shows that sales and marketing chiefs are doing quite well, thank you.

BY AL URBANSKI,
MANAGING EDITOR

Go figure it: Directors of U.S. companies pored over their bad numbers in 1986, when corporate sales dipped for the first time in five years, and decided to reward chief sales and marketing executives with their biggest compensation hikes in five years (see Table 1).

Results of a nationwide survey of executive compensation prepared exclusively for *Sales & Marketing Management* by pay consultant Sibson & Company show America's sales and marketing chiefs ringing up 14.5% average increases in total compensation this year after netting paltry raises of 6.1% in 1986 (see 1986 salary listings, page 55). During the same period, increases averaged 21.3% for CEOs, 19% for top manufacturing executives, and 17.2% for chief financial officers.

Traditionally, pay increases for top managers are pegged directly to the previous year's sales and profit performances. So why the big raises when 1986 sales for Fortune 500 companies were down for the first time since 1982 and profits for the same group dropped off nearly 7%?

One theory is that Wall Street is exerting more influence on the executive pay formula. Despite dwindling sales and profits, the market value of America's 500 most valuable companies was up 14.3% in 1986. "There's increasing pressure to measure corporate performance in shareholder value," says Mark Blessington, Sibson's national practice leader for sales management. "So it's really quite possible that a company's common stock value has more of an effect on executive incentive payouts than profitability."

Another explanation is that the adjustment was needed to offset the low 6.1% increase of 1986. "It's difficult to

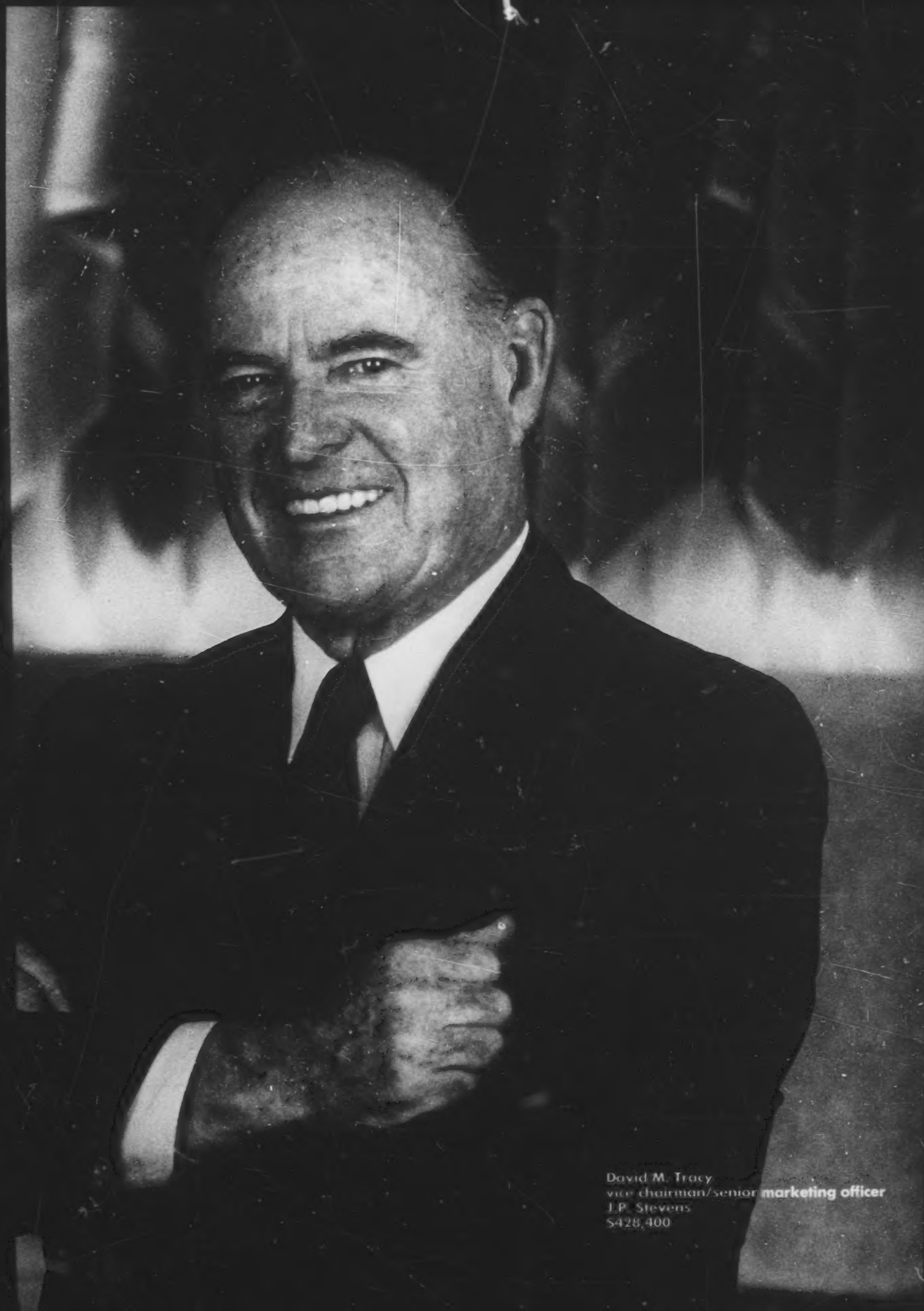
keep top-quality executive talent if your raises are consistently low," says Blessington.

A third possible explanation is that 1986 performance, though poor, exceeded expectations. While corporate profits dropped 7% last year, they plummeted 19% in 1985—a driving factor behind 1986's low pay increase. This "poor, but better than what we feared" scenario suggests that low objectives were exceeded in 1986, resulting in higher incentive payouts for sales and marketing executives in 1987.

DIMINISHED ROLE FOR SALES?

A look back at Sibson surveys over the past few years shows that the largest compensation increases among sales and marketing executives are being won by the heads of marketing. From 1983 to 1987, the marketing chief has earned a 40% cumulative increase in total compensation versus only 28% for the top sales executive (Table 2).

This could reflect a long-standing trend for companies to become marketing oriented, placing increased strain on the head of marketing to bolster market share. Similar increases have been paid to manufacturing executives for increasing productivity and to chief financial officers for their role in the take-over wars. Sales executives, meanwhile, may be becoming the odd-men-out in the corporate planning picture. "Top sales executives need to find a more strategic role to play if they're to reverse the trend of being on the bottom of the pay increase pile," says Blessington.



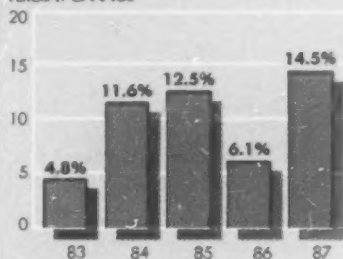
David M. Tracy
vice chairman/senior marketing officer
J.P. Stevens
\$428,400

COMPENSATION

TABLE 1

RAISES OVER LAST FIVE YEARS

PERCENT CHANGE



PERCENT CHANGE IN TOTAL COMPENSATION FOR CHIEF SALES AND MARKETING EXECUTIVES.

TABLE 2

TOTAL HIKE IN PAY 1983-1987

CUMULATIVE % CHANGE

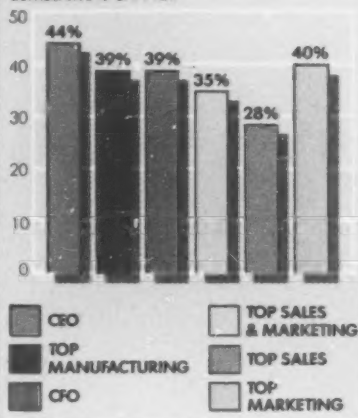


TABLE 3

AVERAGE 1987 PAY BY COMPANY SIZE

TOTAL COMPENSATION (\$ THOUSANDS)

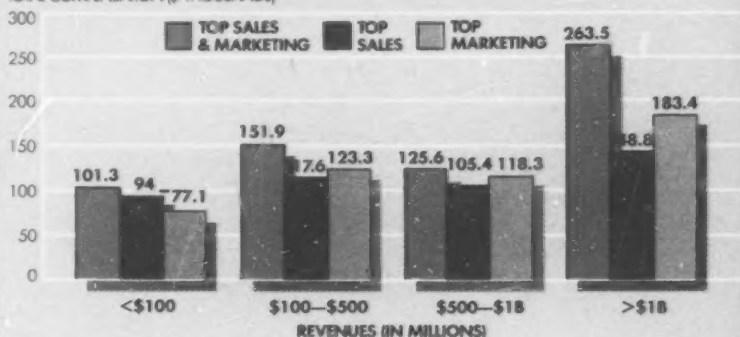


TABLE 4

TOTAL 1987 COMPENSATION BY INDUSTRY TYPE

TOTAL COMPENSATION (\$ THOUSANDS)

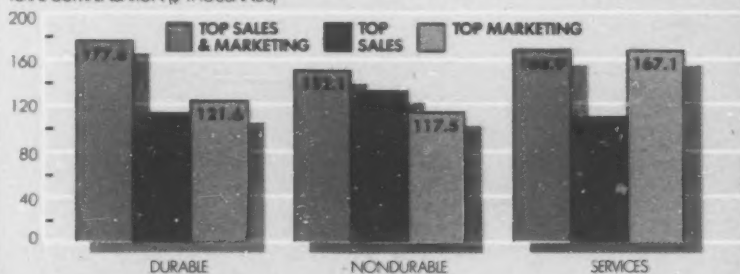
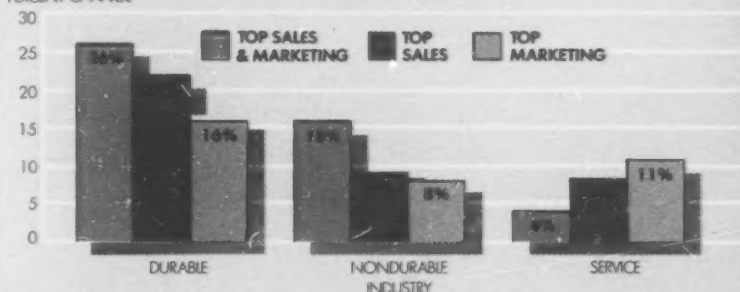


TABLE 5

1987 RAISES BY INDUSTRY TYPE

PERCENT CHANGE



TYPES OF COMPANIES SURVEYED BY SIBSON

DURABLE GOODS

AUTO:ACTIVE & TRANSPORTATION
EQUIPMENT
AEROSPACE
BUILDING PRODUCTS
COMPUTERS & OFFICE EQUIPMENT
ELECTRICAL
FABRICATED METAL PRODUCTS
HEAVY EQUIPMENT
MACHINE TOOLS
METALS & MINING
PRECISION INSTRUMENTS
STEEL

NONDURABLE GOODS

APPAREL
CHEMICALS
CONSUMER & FOOD
PRODUCTS
FOREST & FIBER PRODUCTS
PACKAGING & CONTAINERS
PHARMACEUTICALS
TEXTILES

SERVICES

ADVERTISING
AGRICULTURAL SERVICES
COMMUNICATIONS & BROADCASTING
CONSTRUCTION
HEALTH CARE
INFORMATION SERVICES
LODGING & FOOD SERVICES
PETROLEUM SERVICES
PUBLISHING & PRINTING
RECREATION & LEISURE
REAL ESTATE
RETAIL & WHOLESALE TRADE
TRANSPORTATION

PAY BY COMPANY SIZE

Interestingly, sales executives at smaller companies are paid more on average than their marketing counterparts, while the situation is reversed at larger companies (Table 3). "Heads of sales at the smaller companies we've surveyed have a bigger impact on the customer," explains Blessington. "They tend to play a dual sales and marketing role with small marketing staffs reporting to them."

While the compensation gap is wide between very small and very large companies, there's a surprisingly small difference in pay among sales and marketing executives at companies with sales between \$100 million and \$1 billion. Also note that executives with both sales and marketing in their titles at companies with more than \$1 billion in sales earn a great deal more than heads of sales or heads of marketing. In an industry breakdown, this same pattern is evident among durable goods companies—manufacturers of such products as heavy equipment, computers, and steel—where executives who are in charge of both sales and marketing out-earned heads of sales and heads of marketing by an average of almost \$60,000 (Table 4).

Meanwhile, pay levels among different sales and marketing titles are not nearly as predictable in service industries and at nondurable goods companies selling products such as chemicals, consumer package goods, and paper. "The pecking order is less discernible in these industries," says Blessington. "At a single company, you can have a head of sales of one division who's at the same corporate management level as the top sales and marketing executive of another division."

Other notable industry patterns:

- In nondurables, the top sales executive makes more than the top marketing executive.
- In services, marketing executives earn as much as sales/marketing chiefs and much more than heads of sales.
- Durable goods sales and marketing executives won the largest raises in 1987 (Table 5).

A deeper look at industry pay comparisons only adds to the confusion of explaining 1987's big increases. Raises for sales and marketing executives at service companies followed the traditional pattern: a 10% pay hike in 1987 following a 10.3% sales jump in 1986. But at durable goods companies, executives received whopping 20% raises on a measly 6.5% sales increase. "Our best guess is that the huge raises in durable goods were based on the big



PHOTO BY JIM CACCAMO/PICTURE GROUP

▲ Top: Gerald V. Cleary, vice president, sales, Tonka Corp., \$136,505; above: R.L. deKozan, vice president, marketing, Cubic Corp. \$128,974

◀ Elizabeth E. Tomaszewicz, vice president, sales, Advanced Systems, \$151,035



▲ Bernard S. Appel, exec. vice president, marketing, Radio Shack Div., Tandy Corp., \$457,768

rise in the market values of these companies," says Blessington.

DOLLAR SIGNS FOR '88

The moral of the story, if there is one, is that the financial tornado stirred up by spin-offs, mergers, and acquisitions is ripping the roof off the traditional executive pay model. "In previous years, you could look at sales and profit increases and make a good correlation to pay raises," says Blessington. "But with all this buying and selling of companies, sales numbers get distorted." So if you're keeping score for 1988, be warned that bringing home big sales increases may be worth fewer points than achieving specific goals set down by top management.

But don't be discouraged. This year's hefty pay raise promises to be a sign of even bigger bucks ahead for the country's sales and marketing elite. "If it's true that incentive pay is now more heavily influenced by company market value," says Blessington, "then this year's bull market is sure to bode well for compensation in 1988." Sibson's forecast: Sales and marketing executives can look forward to an average pay hike of 16.5% next year.

This overview of 1987 pay for sales and marketing's top dogs was produced for Sales & Marketing Management by Sibson & Company, the Princeton, NJ, compensation consultant. Statistics provided for this story were extracted from Sibson's annual survey of executive compensation conducted in June and July among 250 companies with revenues ranging from \$25 million to \$4 billion.

A Salary Sampler

Averages, medians, and means are one thing; quite another are individual people, and that's when salary figures really hit home. To give you a sense of what your peers make, we've compiled this sampler of 1986 compensation totals of 100 top sales and marketing executives from companies representing a wide spectrum of sales volumes and industry classifications. Pay totals include salaries, fees, bonuses, commissions, and long-term gains paid in 1986.

Keep in mind that executives in our sampler are all among the five highest-paid people at their companies. For this reason, their average 1986 pay packages generally exceed the 1987 standards set down by compensation consultant Sibson & Company on the preceding pages.

Numbers for this year's crop prove once again that the bigger the company you work for, the fatter your paycheck will be. Here's the average pay by company size for executives on our list:

Revenues	Avg. Compensation
\$1 billion and above	\$289,100
\$500 million to \$1 billion	254,500
\$100 million to \$500 million	177,200
Below \$100 million	153,700

Of the Top 20 earners, 13 work for companies with sales volumes of more than \$1 billion, though this year's out-and-out compensation champ comes from a company with only \$277 million in revenues.

Taking down annual pay in the \$700,000-\$800,000 range over the last five years, Russ Togs's Irving Rousso has been a perennial on the *Sales & Marketing Management* list. But in 1986, Rousso, 62, hit the jackpot with \$1.2 million in total compensation—\$475,000 in base salary and a \$781,500 bonus based on a percentage of pretax earnings over an unspecified number of years. A founder of the New York City apparel company along with brother Eli, Russ Togs's president, Rousso retired earlier this year.

There are two other seeming aberrations on the Top 20 list. Christopher Kenber, 43, of Micom Systems, a Simi Valley, CA, maker of communications equipment with sales of \$190 million, finished in fourth place even though his company registered a 58% profit drop in 1986. It should be noted that his total compensation of \$437,731 included a \$153,000 "special bonus" paid to Kenber upon exercising stock options granted in 1984. Kenber recently left Micom for Dest in Milpitas, CA. Similarly, Floating Point Systems's John Harte, 42, broke the upper pay echelon by cashing in on a five-year accrued bonus of \$156,638 in a year when his \$89 million Portland, OR, company posted a staggering net loss of \$14 million. His total for the year: \$316,638. Harte has since left Floating Point for Alliant Computer Systems in Littleton, MA.

It's no big surprise that Digital Equipment Corp.'s John Smith, 52, and John Shields, 48, both landed near the top with identical earnings of \$405,002. 1986 was a breakthrough year for the Maynard, MA, computer giant, which saw net profits soar 61% to a record \$617 million.

Computer-related companies are especially well represented on this year's list, though transportation firms also made a healthy showing. Eight airline executives are named in our compensation rundown, led by American Airlines's Thomas Plaskett. His total package of \$397,500 included a \$168,750 bonus paid out in 1986, American's fourth straight profitable year. Plaskett left American in late 1986 to take over as president of Continental Airlines and recently resigned from that position as well.

Two women qualified for this year's earnings honor roll. Victoria Brown, 40, made \$237,000 in her second year as senior vice president of sales and marketing at Timeplex, a Woodcliff Lake, NJ, manufacturer of data communications equipment. And Elizabeth Tomaszewicz, 41, earned \$151,035 as the top sales executive of Advanced Systems, an Arlington Heights, IL, distributor of training courses.

As is the case with Sibson's 1987 compensation survey, executives on our list who are in charge of both sales and marketing were the highest earners, taking in an average of \$246,900. They were followed by marketing executives, at \$214,600, and heads of sales with \$169,400.

BEST AVAILABLE COPY

INDIVIDUAL & TITLE	COMPANY & INDUSTRY	SALES (\$ MIL.)	NET PROFIT (LOSS) (\$ MIL.)	% CHANGE 1985-86	COMPENSATION
Irving L. Rouso ,* exec. v.p., sales & merchandising	Russ Togs, apparel	\$274	\$14	26%	\$1,256,500
William C. Campbell , exec. v.p., sales & marketing	Apple Computer, computers	1,902	154	151	480,432
Bernard S. Appel , exec. v.p. marketing of Radio Shack	Tandy, consumer electronics	3,036	198	5	457,768
Christopher G. Kenber , corp. v.p., marketing operations	Micom Systems, communications equipment	190	11	58	437,731
David M. Tracy , vice chmn./sr. marketing officer	J.P. Stevens, textiles	1,672	94	**	428,400
Norman A. Myers , vice chmn./chief marketing officer	Browning-Ferris, waste disposal	1,328	137	22	427,800
David R. Whitwam , vice chmn./chief marketing officer	Whirlpool, household appliances	4,009	200	10	426,833
John J. Shields , sr. v.p., sales & services of Industry Channels Marketing Int'l	Digital Equipment, computers	7,590	617	38	405,002
John F. Smith , sr. v.p., engineering, manufacturing & product marketing	Digital Equipment, computers	7,590	617	38	405,002
Peter S. Redding , v.p., marketing	Standard Register, business forms	562	33	3	402,001
Thomas G. Plaskett , sr. v.p., marketing	American Airlines, airlines	6,018	279	-19	397,500
Earl B. Reed , sr. v.p., marketing	Snap on Tools, hardware	670	66	10	372,186
James M. Gill , sr. v.p., product sales	Ethyl, chemicals	653	62	42	348,938
A.L. Johnson , exec. v.p., merchandise & sales	Wal-Mart Stores, retail	8,452	328	21	325,000
W.L. Brubaker , v.p., sales	Prime Computer, computers	860	47	-19	321,659
John M. Harte , v.p., marketing	Floating Disk Systems, computers	89	(14)	—	316,638
R.R. Hemminghaus , exec. v.p. of Diamond Shamrock Refining & Marketing Company	Diamond Shamrock, oil refining	2,544	(116)	**	290,700
Richard A. McKinnon , exec. v.p., marketing & planning	Pan Am, airlines	3,039	(324)	**	275,000
John V. Guckien , exec. v.p., marketing	Dean Foods, food processing	1,269	41	11	268,854
W. Roger Curry , sr. v.p., marketing	Consolidated Freightways, transportation	2,125	89	12	267,601
Joseph F. Leonardo , pres., Charter Marketing	The Charter Company, oil refining	2	153	***	265,295
Ian R.G. Edmonds , v.p., systems & product marketing	Prime Computer, computers	860	47	-19	263,650
John H. Fellows , v.p., marketing/director	Timken, roller bearings	1,058	3	**	259,291
Joseph V. Schwan , sr. v.p., marketing & sales	Wallace Computer Services Int'l, computers	305	24	10	257,777
Randall Mallin , exec. v.p., marketing	US Air, airlines	1,835	98	-16	256,702
Vernon A. Brunner , sr. v.p., marketing	Walgreen, retail	3,661	103	10	255,637
D.E. Boyer , sr. v.p., technology & marketing	Smith International, mining	415	(149)	**	255,308
Zachary L. Solomon , exec. v.p., marketing	Manhattan Industries, apparel	472	(11)	—	247,335
John S. Pedace , exec. v.p., marketing	G. Heileman, brewing	1,327	48	12	238,009
Victoria A. Brown , sr. v.p., sales & marketing	Timeplex, communications equipment	119	10	-4	237,000
Ronald O. Cox , group v.p., marketing	William Wrigley Jr., confections	699	54	24	230,040
Philip J. Micciche , sr. v.p., Xidex data products sales & marketing	Xidex, disc drives	432	32	32	222,425
Richard C. Kronrad , dir. v.p., sales of Koch	Lori, jewelry, recreational vehicles	76	3	-26	216,715
Douglas C. Birdsall , pres./dir. of NY Air, v.p., marketing of Continental	Texas Air, airlines	1,092	(186)	—	215,845
William D. Herd , sr. v.p., North American sales	Bandag, rubber products	380	49	12	213,998
Melvin J. Sallen , group v.p., sales & int'l operations	Analog Devices, digital and data equipment	334	30	27	203,044
Donald Wray , sr. v.p., sales & marketing	Tyson Foods, poultry and food products	1,504	50	44	200,924
Brian J. Kelley , v.p., sales	TIE/Communications, telephone systems	298	(57)	**	199,400
Robert W. Burdick , sr. v.p., marketing	Yellow Freight Systems, trucking	1,713	70	26	198,250
A.B. Magary , sr. v.p., marketing	Northwest Airlines, airlines	3,589	77	5	193,473
Martin Goldberg , dir. v.p., sales of Koch	Lori, jewelry, recreational vehicles	76	3	-26	192,965
William A. Floyd , sr. v.p., marketing, product supply	Tosco, oil refining	780	18	98	189,530
Howard B. Graham , sr. v.p., marketing/product dev't.	Grolier, publishing	351	13	38	189,411
Robert W. Reedy , v.p., marketing & service	Recognition Equipment, document processing	242	11	42	184,026
Matthew Chamlin , v.p., marketing	R.G. Barry, footwear	86	4	**	181,731
Donald R. Meyer , exec. v.p., marketing	Union Special, industrial sewing machines	118	10	96	181,098
Maurice E. Jaques , v.p., sales & marketing director	Varco Int'l, oil tools & drilling equipment	42	(9)	**	177,580
William G. McGee , sr. v.p., marketing, director	Piedmont Aviation, airlines	1,866	72	8	176,416
Michael D. Brody , sr. v.p., marketing	Decision Data Computer/Decision Industries, computers	195	8	-1	175,000
R.A. Hahn , sr. v.p., domestic marketing	Datapoint, computers	325	(9)	**	170,810

* RETIRED ** LOSS SHOWN IN PREVIOUS YEAR

Researched by Bristol Voss & Amy Schaefer

*** EXTRAORDINARY GAIN DUE TO DIVESTITURE OF ASSETS IN CHAPTER 11 PROCEEDING

† RESIGNED FEBRUARY 21, 1986

COMPENSATION

INDIVIDUAL & TITLE	COMPANY & INDUSTRY	SALES (\$ MIL.)	NET PROFIT (LOSS) (\$ MIL.)	% CHANGE 1985-86	COMPENSATION
Ruy Winter , sr. v.p., sales & marketing	BIC, writing instruments	268	26	12	\$169,927
Paul J. Trausch , sr. v.p., sales & marketing	Duplex Products, business forms	248	12	-17	163,000
Robert P. Barone , sr. v.p., sales & marketing	Diebold, security equipment	414	35	15	162,500
Philip A. Verruto , sr. v.p., sales	Decision Data Computer/Decision Industries, computers	195	8	1	160,100
S.G. Long , sr. v.p., marketing & sales	Trans World Airlines, airlines	3,145	(75)	**	154,260
Elizabeth E. Tomaszewicz , v.p., sales	Advanced Systems, producers/distributors of training courses	63	7	25	151,035
John M. Burgess , exec. v.p., sales & marketing	ADAC Laboratories, nuclear medicine, radiography	47	(22)	**	148,522
Philip Blick , sr. v.p., sales	Zenith Laboratories, prescription drugs	50	(4)	—	145,996
Thomas J. Branch , v.p., sales	Monolithic Memories, semiconductors	205	9	-15	145,939
Melvin Posin , sr. v.p., sales	Printronic, line printers	132	(12)	—	145,700
Steven Brown , v.p., marketing	Standard Motor Products, automotive parts	286	19	77	143,900
H. Francis Brantley , sr. v.p., marketing	Galaxy Carpet Mills, carpets	204	1	-68	142,000
Gary Haynes , sr. v.p., communications/telephone marketing	Computer Consoles, computers	130	(3)	**	141,388
Kent W. Freudenberger , exec. v.p., marketing division	Airborne Freight, air freight	542	13	62	140,563
Steven E. Summers , v.p., sales operations	Champion, manufactured housing	335	(3)	—	140,000
Peter C. White , sr. v.p., sales, railroad	Soo Line, railroad, real estate	632	(43)	**	139,952
G.T. Beckley , v.p., marketing, enamel print papers	Consolidated Papers, papers & containers	653	88	-18	137,518
Timothy D. Peterson , v.p., marketing & international	Kysor Industrial, engine systems, air conditioning	165	13	-4	137,223
Walter Crew , sr. v.p., marketing services	Diebold, security systems	414	35	15	136,761
Samuel L. Greene , v.p., marketing	Terminal Data, computers & microfilm	31	(4)	**	136,608
Gerald V. Cleary , v.p., sales	Tonka, toys	293	22	14	136,505
Oscar N. Byrd , v.p., sales, glass containers	Kerr Glass Mfg., glass containers	252	4	**	136,500
James T. Manion , v.p., sales	ASK Computer Systems, computer software	76	6	-26	135,831
Jerome M. Cotter , sr. v.p., sales	W.A. Krueger, printing & binding	299	17	-6	135,394
M.C. Muckleroy , sr. v.p., sales & services	Camco, gas & petroleum equipment	158	5	-63	132,211
R.L. deKozan , v.p., marketing	Cubic, training systems, electronic equipment	342	1	-92	128,974
Harold R. Dambrowski , v.p., sales	Douglas & Lomason, automotive equipment	287	3	-52	127,171
Edward F. Morgan, Jr. , exec. v.p., healthcare market	Servicemaster Industries, cleaning services	1,123	33	2	127,000
Thomas F. Reynolds, Jr. , exec. v.p., sales & marketing	Glenmore Distilleries, distilled beverages	176	3	19	124,228
Joseph A. Noble , v.p., sales and director of national sales	Tekolec, telecommunications equipment	14	1	13	121,713
Charles T. Duncan , sr. v.p., marketing	Ransburg, welding, assembly & test equipment	217	(3)	—	120,000
John S. Hairfield , v.p., marketing	Tultex, knit fabric, yarns	326	24	103	112,950
Richard A. Bush , v.p., sales	EB Microwave, microwave test equipment	20	0.3	-52	105,810
David Sohm , v.p., marketing	ASK Computer Systems, computer software	76	6	-26	104,444
Robert J. Bauer , v.p., marketing & development	Infotron Systems, data equipment	81	(2)	—	104,215
Frederick G. Emmert* , v.p., sales & marketing	Winnebago Industries, motor homes, vans	374	20	9	104,131
Curtiss F. Barker, II , v.p., marketing	Cycare Systems, medical information & processing	87	3	-8	103,588
Joseph F. DeBallu , sr. v.p., sales & marketing	Transcon, trucking lines	343	2	87	101,680
George M. Durkin , sr. v.p., sales	General Binding, business machines	200	6	67	100,706
Al Burshtan , exec. v.p., marketing	Super Food Services, wholesale grocery	1,422	11	15	96,708
King T. Kenny* , sr. v.p., marketing of Newhall Refining Co.	Pauley Petroleum, oil refining	165	5	140	95,520
Wilton L. Parr , sr. v.p., marketing	Piedmont Natural Gas, energy	418	12	32	90,058
Gary Baughn , v.p., marketing	Zentec, computers	27	3	**	87,500
Patrick M. Cloz , exec. v.p., sales & marketing	Dinner Bell Foods, food processing	239	0.9	-29	84,378
Keith M. Wright , v.p., marketing	Bohemia, construction materials	199	0.8	**	80,472
Parker B. Field , v.p., marketing	Amcast Industrial, metal manufacturing	230	(10)	—	80,304
Jeffrey P. Lammers , sr. v.p., marketing & business	Sooner Federal Savings & Loan, banking	164	1	-85	75,939
Charles W. Saussele* , v.p., marketing & sales	Russell, Burdall & Ward, metal mfg.	159	3	-56	75,000
William G. Ziegler , v.p., sales & service	World Airways, airlines	106	(28)	**	73,482
Thomas Parise , v.p., sales	Inter Tel, telephone equipment	37	0.4	149	73,250

* RETIRED ** LOSS SHOWN IN PREVIOUS YEAR

MIGRATION: IS THE SUN SETTING ON THE WEST?

BY RICHARD KERN,
SENIOR EDITOR

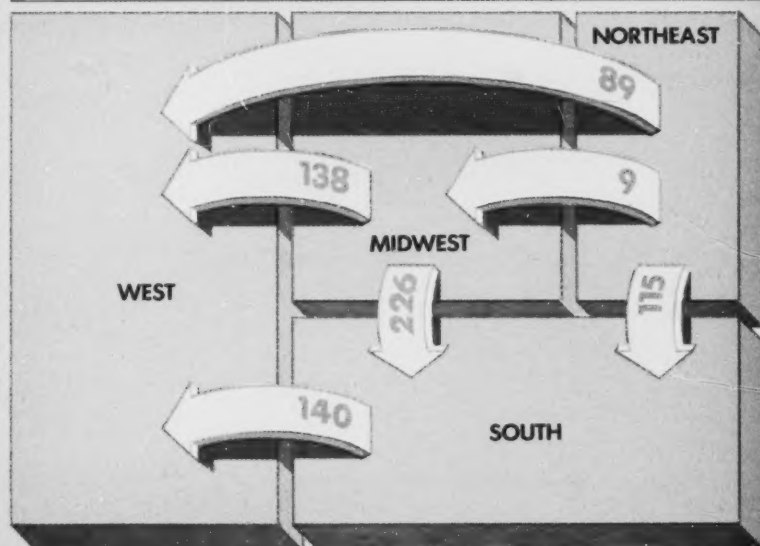
By now, most of us are well acquainted with the amazing 25-year cycle of growth in America's southern and western regions, a boom that's projected to continue well into the next decade—if not the next century. Like the major migration cycles that came be-

fore it—westward expansionism, industrial revolution-era urbanism, and post-World War II suburbanism—this latest population shift is no mere trend. What we've witnessed over the last three decades is nothing less than a complete redistribution of the American population, a major historical event right up there with putting a man on the moon and the Giants winning the Super

nt data from the
us Bureau re-
hat the decades-
population flow to
West may finally
versing itself.

REVERSING THE FLOW:

NET INTERREGIONAL MIGRATION GAINS, 1975-76 AND 1983-84



1975-76 (NUMBERS IN THOUSANDS)

Bowl. As proof that the surge in the Sunbelt is not over yet, recent Census Bureau figures show that of the 9.6 million people added to the population between 1980 and 1984, over 90% were absorbed by the South and West. What these figures don't reveal, however, is a recent shift in the nation's migration patterns that show that the West may have reached the high-water

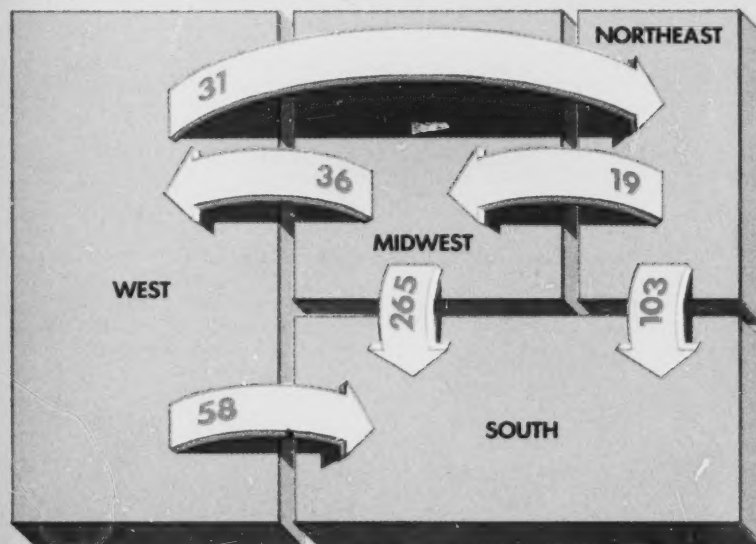
mark in terms of its growth.

Now before you go out and completely overhaul your company's marketing plan, keep in mind that the population giants in the Sunbelt—California, Texas, and Florida—are still growing significantly faster than the nation as a whole, and that much of the growth in these states continues to be at the expense of the Midwest and Northeast.

But in spite of this, the West has recently experienced a slowdown—and in some cases, a reversal—of the inward flow of migration from other regions.

HISTORIC REVERSAL

The reasons for this change in the direction of migrational flow were examined recently by Alvin Sanders, an economist with the Tennessee Valley



1983-84 (NUMBERS IN THOUSANDS)

Between 1975 and 1976, nationwide migration patterns remained much the same as they had throughout the previous decade, with the Northeast and Midwest sending a larger number of residents to the South and West than moved in the opposite direction. For example, even though 309,000 Southerners moved into the Midwest during this year, the Midwest sent a total of 535,000 of its residents to the South, resulting in a net migration gain for that region of 226,000 people. Notice that during this year, all three regions sent more people to the West than vice versa.

Less than a decade later, a major reversal in the flow of interregional migration has occurred, with the West now sending 89,000 more residents to the Northeast and South than these two regions sent westward during this same year. Notice also that the West's net migration gain from the Midwest has declined dramatically, while the net flow from the Northeast into the Midwest has increased by 10,000 people.

SOURCE: U.S. CENSUS BUREAU, CURRENT POPULATION REPORTS, GEOGRAPHIC MOBILITY MARCH 1983 TO MARCH 1984, SERIES 20, NO. 407

© SALES & MARKETING MANAGEMENT

Authority, and Larry Long, a demographer at the Census Bureau's Center for Demographic Studies. What they discovered is that when states like Texas, Florida, and California gain large numbers of new residents, they eventually experience a rise in the number of people moving out. For example, during the 1970s—the heyday of the oil boom—Texas gained more residents from California, Arizona, and Colorado than it sent to these states. But recent trouble in the oil and natural gas industries has caused large numbers of Texans to head for places where the economic situation is a bit more stable.

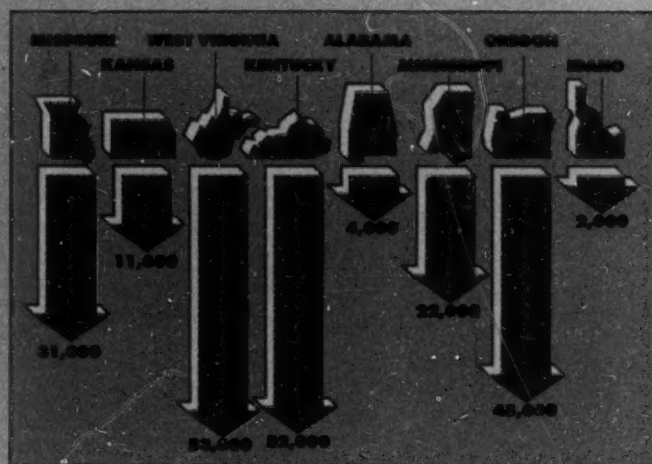
The real surprise, say Sanders and Long, is that a lot of them are heading east instead of west, a movement they are calling "a historic reversal of one of the most enduring migration flows in the nation's history."

What all of this means to marketers following the ebb and flow of population from one region to another is that "geographic mobility"—the inward, outward, and internal flow of residents in the various regions of the U.S.—is becoming increasingly important as an indicator of market change, especially in light of this reversal of a decades-old migratory pattern.

MOBILITY DEFINED

Before we get too far into the question of interregional migration, however, let's first take a look at what geographic mobility covers. According to the Census Bureau, it can mean anything from changing apartments in the same building to moves between rural areas and cities in the same state to interstate, coast-to-coast, and moves into the United States from abroad. The most recent available data on population mobility (1983-84) tell us that movement within the same county accounted for a majority (60%) of all migration, moves to a different county in

From Black to Red: A Tale of Eight States



Why have eight states—four along the border of the Sunbelt and two each in the South and West—recently started losing residents to out-migration, after posting net migration gains between 1975 and 1980? According to Larry Long, demographer with the Center for Demographic Studies, jobs—or more specifically, a lack of jobs—is the answer.

In an attempt to establish a link between employment and migration, let's first look at two of these states—Missouri and Kansas—which are technically part of the long-suffering Midwest. Between 1975-80, Kansas gained a total of 17,826 residents through migration and Missouri an additional 9,775. Since 1980, however, these states have posted combined net migration losses of 42,000 people.

Utilizing data from the Census Bureau's *County Business Patterns* series, we find that employment in manufacturing in both states declined between 1980 and 1985: 11.2% in Kansas and 7.6% in Missouri. In the case of Kansas, heavy five-year losses in the machinery and transportation equipment industries may be partly responsible for recent out-migration, with

much the same thing happening in the apparel and food industries in Missouri.

In West Virginia and Kentucky, a similar connection between employment and migration exists, with West Virginia posting an overall decline in manufacturing employment of 32.2% between 1980 and 1984 and Kentucky losing large numbers of jobs in mining, machinery, and electrical equipment manufacturing.

As far as recent losses in Mississippi and Alabama are concerned, Larry Long says that as he sees it, such losses are not all that surprising.

"In the South during the forties, fifties, and sixties, Mississippi and Alabama—and parts of Louisiana—were the big losers in terms of migration. It was only in the 1970s that they attained a sort of balance between the number of people moving in and those moving out." Since 1980, however, both states have registered net migration losses, and employment data here also show a decline in the number of manufacturing jobs in recent years, with Alabama hardest hit in its textile and primary metals industries.

The last two states that have gone from migration gains to losses in recent years are Oregon and Idaho, where an influx of 263,149 new residents between 1975 and 1980 has turned into a net loss of 47,000 since 1980. In these states, too, out-migration seems to be directly related to losses in overall employment.

Since 1980, Oregon's growth rate has plummeted. At the same time, total employment in the state has also declined from 845,007 in 1980 to just over 800,000 by 1984, fueled by an 11.7% loss in jobs for the lumber industry, as well as losses in other major industries. Much the same is true for Idaho, where manufacturing employment levels fell between 1980 and 1985, adding to heavy losses in mining and lumber.

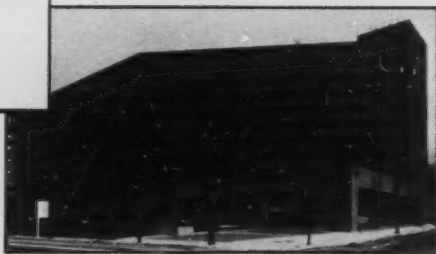
Will these states eventually be able to halt the exodus of jobs and residents? "That depends," says Long, "on how much new employment they're prepared to provide for long-term residents versus the number of jobs created to attract people from other states."

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DEMOGRAPHICS

the same state accounted for an additional 21%, interstate movement totalled 16.4%, and 2.6% of all migration consisted of movement into the U.S. from abroad.

As far as who is doing most of this moving, the Bureau finds that overall rates of geographic mobility are highest among young adults, military personnel, the unemployed, persons with higher levels of educational attainment, central-city residents, and people living in the western and southern regions of the country. If that last group seems an anomaly given all the talk of migration from the Midwest and Northeast into the South and West, keep in mind that interregional migration only constitutes 16.4% of all migration, leaving more than 80% to be accounted for by movement within the same state or county.

In terms of racial and ethnic background, whites (17%) and blacks (18%) moved at essentially the same rate during the 1983-84 period, while 22% of Hispanics changed their residence during this same year.

NET VS. RAW

In dealing with statistics concerning migration and mobility, a knowledge of the difference between *net* migration and *raw* migration data is helpful. Briefly, raw migration figures concern the *total* number of people moving into or out of an area, whereas the net figure (expressed as either a gain or a loss) is based on the difference *between* this inward and outward flow. For example, between 1983 and 1984, the South sent 359,000 people to the Midwest, while 624,000 midwesterners moved to the South. The fact that the Midwest sent 265,000 more people to the South means that the South posted a *net gain* of 265,000 people for the period between 1983 and 1984.

The significance of raw vs. net migration data can be further illustrated by examining two sets of migration statistics for the West, where a decline in total (raw) in-migration—from 967,000 in 1975-76 to 834,000 in 1983-84—is coupled with a rise in the number of people moving out of the West to other regions (up from 600,000 in 1975-76 to 887,000 in 1983-84). The resulting net loss of 53,000 interregional migrants between 1983 and 1984 means that the West is now losing more people to other regions than it is gaining, making this the only region to go from a migration gain to a migration loss between the two years charted. As recently as 1982-83, the West was still gaining more people from other regions than it was losing, although net gains had de-

clined by 56% since 1975-76. Even the beleaguered Midwest, which is still losing more people to out-migration than it's gaining through in-migration, shows an increase in the total number of residents moving there from other regions, up from 668,000 in 1975-76 to 820,000 in 1983-84, a 22.7% increase.

Looking at the regional migration figures for 1975-76 and 1983-84, only the South shows any increase in the number of new residents drawn from other regions, with net gains up from 201,000 in 1975-76 to 426,000 in 1983-84. As to where most of these new southerners are coming from, the answer, once again, involves former residents of the West. Raw out-migration data show that movement from the West to the South increased by some 42%—from 295,000 in 1975-76 to 420,000 in 1983-84—although the largest number of new southerners at this point still come from the Midwest, where raw out-migration to the South totaled 624,000 people between 1983 and 1984. The number of residents drawn to the South from the Northeast, on the other hand, has actually declined slightly, from 361,000 in 1975-76 to 355,000 in 1983-84, explained in part by the Northeast's recent resurgence as a center for new industry.

RADICAL CHANGE

Movement of residents out of the South, meanwhile, was not quite as heavy as the inward flow, although the numbers were still considerable. Overall, the South contributed 973,000 people to other regions between 1983 and 1984, making it second only to the Midwest in terms of raw out-migration. Surprisingly, the largest single recipient of people moving out of the South was the West, which gained 362,000 former southerners in 1983-84, followed by the Midwest, where raw in-migration totaled 359,000. The Northeast has also consistently gathered its largest proportion of new residents from the South, with raw in-migration totaling 252,000 between 1983 and 1984.

The most significant statistic here has to be that the South and West are now sending more people to other regions than they were in the past, basically supporting the conclusions drawn by Sanders and Long correlating a large inward flow with an eventual increase in out-migration. In fact, with the exception of 36,000 people from the Midwest, the West did not experience any population growth between 1983 and 1984 as a result of net in-migration from other regions, something that the

Census Bureau calls "a radical change from the past several decades." In addition, population losses due to net out-migration from the Northeast, Midwest, and South to the West have either reversed themselves or diminished to "essentially zero."

Certainly, some strange things are happening to this country's long-standing migratory trends, with Sanders and Long even going so far as to say that we may be at "a turning point in U.S.

migration." The problem, they say, is that it's still too early to tell whether we've simply reached the saturation point in our Sunbelt expansion or whether the flow population is actually about to reverse itself. Either way, the implications for marketers seeking indications of demographic change are many, especially if we remember that migration is not just concerned with where people are moving but also with who is moving and why.



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COMPUTERS IN SALES & MARKETING

BLUE CHIPS TARGET AUTOMATED SELLING

THAYER C. TAYLOR,
SENIOR EDITOR

Time was, systems people gave sales department needs very low priority. No more. Almost one of every four Fortune 500 companies (see graph) this year will aim part of its computer budget at building applications for automating sales and marketing functions, according to a survey by Sierra Group, a Tempe, AZ, research firm.

Previous surveys by research firms such as InfoCorp and International Data Corp. showed only 5%-10% of businesses were interested in sales automation.

"The fact that sales and marketing applications are topped only by accounting, the traditional leader, means that bottom line results are now an important factor in corporate computer strategy," reasons Marty Gruhn, Sierra vice president. She feels that the same profit considerations are probably making companies below the Fortune 500 prioritize sales and marketing automation applications.

PCS LET EATON GIVE SWEET SERVICE

Having the facts in hand when confronted by an irate customer fuming over an equipment breakdown can keep a salesperson from losing the business. And nothing rivals the computer for collecting facts effectively—at least that's the experience of Eaton's Truck Components Marketing Group, Galesburg, MI, which uses low-cost PCs to inform its 30 salespeople about the potential causes of product failure. They sell to truck manufacturers, major fleet owners, and more than 2,000 dealers.

According to Chris Culpepper, Eaton's customer service manager, equipment failure reports that formerly took three to six months to get into product division databases now take only four days. Also, he adds, "the PC, by reducing telephone tag and paperwork, gives our service reps and salespeople an extra three to five hours a week that can be turned into more calls."

Eaton's program demonstrates that sales automation can take a low budget approach and still pay off handsomely. Culpepper, who headed a task force two years ago to study computer-

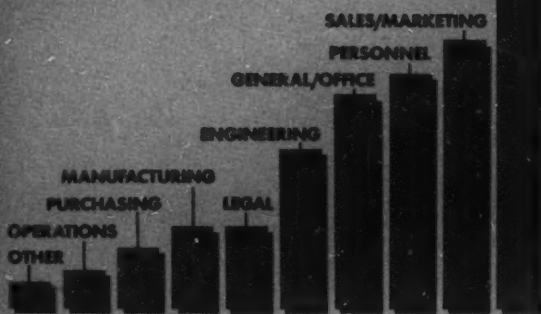
ization, says, "After looking at what we wanted to accomplish—namely, improve communications and eliminate paperwork—we decided on a portable computer that could be used in the field, because our people were wasting too much time either making phone calls or trying to get telephone messages. Also, our people lacked computer experience, and many didn't even know how to type. Thus, starting out with a full-blown desktop at \$2,000 or more and at least \$500 of software was not the way to go."

Culpepper chose Tandy's Model 100 laptop partly because of its built-in modem—critical, he says, "for the network we wanted to create so that people could communicate with each other from anywhere on the road." At a cost of \$700 per person, Eaton got the Model 100 with its built-in software (including word processing, calendar, scheduler, and address file), a portable disk drive, acoustic coupler, and printer. The program was rounded out when Eaton signed on with GTE's TeleNet for electronic messaging.

Streamlining the system for reporting equipment failures got first priority. "It's very important we get that information into the database as fast as

WHERE BIG CORPORATIONS FOCUS THEIR COMPUTER SPENDING

% PLANNING AUTOMATION APPLICATIONS BY FUNCTION



▲ Culpepper stands next to one of the vans used by his 40 service reps.

COMPUTERS

price lookup and point-of-sale systems," says Matthew Lombardi, the Rochelle Park, NJ, chain's director of distributed processing, "will allow us to quickly meet or beat competitors' prices as well as speed the entire check-out process through the use of bar code scanners and price lookups."

DEC MicroVAX system marketing manager Duncan Anderson says the Toys "R" Us setup "represents one of the most comprehensive in-store management and retail distribution computer systems in the industry today."

PC HOME OWNERS THINK SYSTEMS

The cliché that home closets are filled with idle PCs is more myth than fact, according to data compiled for LINK Resources's fifth annual 1987 *Home Media Consumer Survey*. Results indicate that systems orientation is becoming as important to PC users in the home as in the office.

More than half of PC home owners have floppy disk drives, printers,

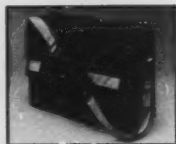
and video monitors, according to the survey, and all peripherals enjoyed "more than modest increases over related 1986 survey data." Almost half of PC households (48.6%) use the machines daily or every other day, says analyst Natasha Thomsen of the New York City-based market research firm. One out of four sit at their keyboards more often than they did a year ago, and another third do so as much as they did the previous year.

Indicative of the emerging "network nation," 38% of those with modems access public domain databases such as Dow Jones, and 20% access electronic bulletin boards, a form of E-mail. More than one-fifth access remote information databases at work, and 19% use their PCs to communicate with the office.

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PC PERIPHERALS OWNERSHIP IN THE HOME

Peripheral	% Own
Floppy disk drive	64.3
Printer	59.0
Video monitor	59.0
Videogame controller	45.0
Memory expansion card	30.0
Hard disk drive	28.3
Graphics card	24.6
Modem/phone hookup	23.0
Pointing device (e.g., mouse)	18.0

SOURCE: LINK RESOURCES, 1987 HOME MEDIA CONSUMER SURVEY

DEC USERS BELIEVE

As IBM directly targets new minicomputers, such as the 9370 line, at the installed customer base of archival Digital Equipment Corp. (DEC), its vaunted marketing representatives will run up against intensely loyal customers, judging by survey results from the Yankee Group, a Boston research firm.

One-third of the DEC users polled agreed with the statement, "Digital is the 21st century IBM," reports analyst Carolyn P. Griffin. Another 43% "mildly" agreed with the premise but felt it was overstated.

Fifteen percent think the jury is still out on "whether DEC is an equally regarded supplier as IBM," while 8% say the statement's "more hype than substance," and 2% say, "It's totally a bunch of hype." Asked whether IBM has a shot at wooing them away from DEC, the nay-sayers outnumbered the yea-sayers 4 to 1. DEC's strong points, Griffin says, were upgrade ca-